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A timely reminder of how the world graphite map is about to be redrawn

Posted on April 21, 2015 by Robin Bromby

When you come to think about it, graphite is not only the future for many companies – but also *of* the future. Why make this point? Well, blame the South Australian state government.

In an effort to remind us all that is a contender in the rush to seize the graphite prizes (and perhaps feeling it has been overlooked and forgotten with all the spectacular developments around the world, especially Mozambique) the state has just posted a detailed presentation on its graphite capability.

There is one page that shows a graphite world that may be about to be altered dramatically.

In that presentation is a map showing graphite production in 2014. World output was 1.17 million tonnes. The map also shows that production is still dominated by China, and countries with mines that have been operating for some time in other countries. Thus:

- China – 780,000 tonnes (67% of world production)
- India – 170,000 tonnes (15%)
- Brazil – 80,000 tonnes (7%)
- Turkey – 30,000 tonnes (2%)
- Canada – 30,000 tonnes (2%)
- North Korea – 30% tonnes (2%)

Over the next few years, these figures are going to change radically.

Who wins the race to both capitalize on rising demand, and also to replace Chinese mines closed down, remains to be seen. Apart from Mozambique, there are plenty of contenders. (It is interesting to note that the once dominant world producer, Sri Lanka – or Ceylon was it then was – no longer figures in the industry, although some companies are already back there working on graphite projects.)

Which brings us to South Australia. As has already been reported here on Investor Intel, the state has just joined the ranks of graphite producers with the first shipment from the re-born Uley mine. And today its owner, Valence Industries (ASX:VXL), announced it has signed a contract to supply graphite into Europe. The agent is a British company that, 25 years ago, also handled sales of graphite from Uley before it closed due to China flooding the market and sending graphite prices tumbling. The agent expects to be able to sell between 22,000 and 25,000 tonnes each year of Uley output. Valence is expecting to meet its targeted price of $1,400/tonne.

The South Australia effort to remind us of its graphite potential notes that 29% of global graphite is located in China's Heilongjiang province, the world's largest flake mining region. But a year ago the provincial government announced plans to shut down some of the polluting flake mines, and also to begin consolidating operations.

This means a gap in the market for new producers.

Well, plenty of companies will have their own ideas about who is going to win that race – and the expanding market for graphite.

South Australia's case is that it has 60% of Australia's JORC-compliant resource (the rest being in Western Australia). Almost all of that is in the Eyre Peninsula, an are once referred to as the "Pilbara of graphite", a reference to the world's giant iron ore mining area.

To bring readers up to date on South Australia, here is the state of play:

Operating mine: Uley, with a graphite resource of 370,866 contained tonnes at a grade of 11.54% TGC. Located 23km from Port Lincoln. Ceased production in 1993, re-opened 2014. Will build to capacity of 64,000 tonnes a year.

Developing projects:

Eyre Peninsula, owned by Archer Exploration (ASX:AXE) with a contained graphite resource of 770,000 tonnes (grade of 9%). Archer is expected to submit its mining lease proposal to the state government by the end of the month. It is already marketing its graphite and working with the University of Adelaide to find new applications for graphene.

Then there is Kookaburra Gully, owned by Lincoln Minerals (ASX:LML) with contained graphite of 332,000 tonnes (at a grade of 15%). It submitted a mining lease application in February.

Prospects:
Gum Flat – Lincoln Minerals – no JORC resource. Includes the historic Plumbago graphite prospect.

Koppio – Lincoln Minerals – no JORC resource. The historic Koppio graphite mine was intermittently worked from the early 1900s until 1944 and, according to the government, contains high-grade lenses of coarse flake graphite.

Oakdale – Oakdale Resources (ASX:OAR) – no JORC resource. Initial drilling stage.

Link: http://investorintel.com/graphite-graphene-intel/dont-forget-us-graphite-player-is-still-a-contender/#sthash.SPYPZPCw.dpuf